

**BOARD OF INVESTMENT TRUSTEES  
MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS**

**MINUTES – OPEN SESSION**

September 24, 2010  
101 Monroe Street, 15<sup>th</sup> floor  
Rockville, Maryland

Board Members Present:

Kelda Simpson  
Gino Renne  
Steve Farber  
Walt Bader  
Meg Menke  
Jeff Buddle  
Jeff Sharpe  
Lodge Gillespie  
Joe Beach  
Jennifer Barrett  
Sunil Pandya  
Joe Adler (via conference call)  
George Willie (via conference call)

Staff:

Linda Herman  
Marc Esen  
Brad Stelzer  
Stuart Potter  
Patrick O'Brien

Others Present:

Mark Brubaker, Wilshire Associates  
Mike Dudkowski, Wilshire Associates  
Amy Moskowitz, Counsel to the Board

***CALL TO ORDER***

Ms. Simpson called the open session of the Board to order at 8:30 a.m.

## **Investing in Energy – Educational Session**

Mr. Jim Gasperoni from FLAG Capital Management, LLC provided an overview on the various methods of investing in the energy sector and the pros and cons of each approach. He discussed the market characteristics of the oil and gas sub-sectors and how FLAG analyzes managers and builds a diversified portfolio.

## ***DETERMINATION OF MEETING***

The Board unanimously approved a motion to move into closed session at 9:10 a.m. for the purpose of discussing the investment of public funds, pursuant to Maryland Code, State Government Article, 10-508(a)(5) and (a) (14) to discuss the awarding of a contract/negotiation of a contract.

Ms. Simpson called the open session of the Board to order at 11:00 a.m. Mr. Adler and Mr. Willie did not participate in the remainder of the meeting.

**Approval of the Minutes:** Mr. Buddle moved and Mr. Beach seconded, and the Board unanimously approved the minutes of the July 23, 2010 meeting.

**2011 Meeting Schedule:** The Board discussed the 2011 meeting schedule. Mr. Buddle moved and Mr. Sharpe seconded, and the Board unanimously approved the following resolution:

***1009-05        Resolved, That the Board approves the 2010 meeting schedule as presented.***

**ERS – Sudan – Annual Report to Council:** Mr. Esen briefed the Board on the required annual report to the County Council on the impact the Sudan Divestment legislation has had on the ERS. The Board approved transmittal of the report to Council.

**Semi-Annual Risk Report – 6/30/10:** Ms. Kawashima presented the semi-annual risk and compliance report noting there were no compliance issues. She informed the Board that SEC or other regulatory audits of ERS managers and consultants had increased during the year.

**ERS, RSP & DCP – Proposed Legislation:** Ms. Moskowitz presented proposed amendments to the County Code for the retirement plans to permit participants in the RSP and DCP to invest in additional options, update investment provisions for the RSP and DCP, and provide for the automatic distribution of RSP and Guaranteed Retirement Income Plan account balances for inactive participants whose account balances are \$1,000 or less. The Board discussed the proposed legislation, and recommended an amendment to the legislation that was proposed. After discussion, Mr. Sharpe moved and Ms. Barrett seconded and the Board approved, with Mr. Renne, Mr. Buddle and Mr. Bader not voting on the DCP legislation, the following resolution:

***1009-06        Resolved, That the Board approves the amended legislation for the retirement plans as presented for the RSP, DCP and Guaranteed Retirement Income Plan.***

**RSP & DCP – Investment Policies:** Mr. O'Brien presented proposed changes to the Statement of Policies and Objectives for the RSP and DCP which provide clarifying language regarding the Board's practices in the oversight of the Plans in areas such as due diligence and investment

selection, incorporate recent and proposed changes in the County Code and update the listing of investment options. The Board discussed the changes and Mr. Sharpe moved and Mr. Gillespie seconded and the Board approved, with Mr. Renne, Mr. Buddle and Mr. Bader not voting on the DCP changes, the following resolution:

**1009-07      Resolved, That the Board approves the updated Statement of Policies and Objectives for the RSP and DCP as presented to be enacted upon approval of proposed amendments to the County Code for the RSP and DCP and amendments to the Plan Document for the DCP.**

**RSP – Annuity Option – Annual Review:** Mr. O'Brien reviewed the County Code requirement that the Board select an annuity provider for the RSP and the Department of Labor guidance for fiduciaries regarding the selection of providers. He discussed Fidelity's current process for evaluation of the providers and Staff's role in the due diligence process. There being no further business of the Board, the open meeting session was adjourned at 11:45 a.m.

Respectfully submitted,

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Joseph Adler, Secretary